

## Financial Markets Daily

### Main drivers for the financial markets today...

- **Stock markets negative –albeit with US futures higher–, with government bond yields positive and the USD lower. The reaction in Europe and Asia continues with yesterday's losses after the Fed's decision. Nevertheless, the recovery in the US points to a possible overreaction**
- **On the monetary front, we await Banxico's decision, expecting a 25bps rate cut to 10.00%. In other regions, the BoE left its rate unchanged at 4.75%, with a rebound in inflation and concerns over wages limiting another cut. Meanwhile, the BoJ also kept its rate at 0.25%, with its Governor, Kazuo Ueda, suggesting there would not be an adjustment in January –weakening the yen. In Sweden we saw a 25bps cut to 2.50%, while Norway stood at 4.50%. Tonight, we will also have the decision in China**
- **Regarding economic figures, in the US we will be looking into the third revision to 3Q24 GDP, along jobless claims and the Philly Fed index. In Mexico, November's Timely Indicator of Economic Activity points to a 0.1% m/m uptick (1.0% y/y) contraction**
- **In the US, plans over a deal from House Leader, Mike Johnson, to avoid a shutdown collapsed after strong criticism from Donald Trump and Elon Musk. In particular, Trump would also like to deal with the debt ceiling right now, on top of avoiding the shutdown**

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Winners of the award as the best economic forecasters in Mexico by LSEG in 2023



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### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Brazil</b>					
6:00	Central Bank Quarterly Inflation Report				
<b>UK</b>					
7:00	Monetary policy decision (BoE)	%	--	4.75	4.75
<b>Mexico</b>					
7:00	Timely Indicator of Economic Activity* - di	% y/y	--	--	0.4
14:00	Monetary policy decision (Banxico)	%	10.00	10.00	10.25
<b>United States</b>					
8:30	Gross domestic product** - 3Q24	% q/q	--	2.8	2.8
8:30	Personal consumption** - 3Q24	% q/q	--	3.6	3.5
8:30	Philadelphia Fed* - Dec	index	--	2.8	-5.5
8:30	Initial jobless claims* - Dec 14	thousands	--	230	242
10:00	Existing home sales** - Nov	millions	--	4.1	4.0
<b>China</b>					
20:00	Rate decision 1-year Loan Prime Rate	%	--	3.10	3.10
20:00	Rate decision 5-year Loan Prime Rate	%	--	3.60	3.60

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; \* Seasonally adjusted, \*\* Seasonally adjusted annualized rate.

### A glimpse to the main financial assets

	Last	Daily chg.
<b>Equity indices</b>		
S&P 500 Futures	5,981.00	0.7%
Euro Stoxx 50	4,891.12	-1.3%
Nikkei 225	38,813.58	-0.7%
Shanghai Composite	3,370.03	-0.4%
<b>Currencies</b>		
USD/MXN	20.38	0.0%
EUR/USD	1.04	0.5%
DX	107.95	-0.1%
<b>Commodities</b>		
WTI	70.42	-0.2%
Brent	73.24	-0.2%
Gold	2,608.17	0.9%
Copper	404.25	-1.4%
<b>Sovereign bonds</b>		
10-year Treasury	4.53	1pb

Source: Bloomberg

## Equities

- Negative movements in the main European and Asian stock markets catching up after yesterday's Fed decision. However, US futures are showing a partial recovery after yesterday's overreaction
- As a result, US futures are above their theoretical value, with the main stock markets rising by an average of 0.6%. The Eurostoxx fell 1.3%, dragged down mainly by the technology and utilities sectors. Asia also closed negatively, with the Nikkei down 0.7% and the Hang Seng down 0.6%
- In Mexico, FMTY reported that, following its August announcement, it has completed the sale of its office properties (previously occupied by Axtel) for US\$15 million. This is in line with its strategy of strengthening its industrial focus

## Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. The 10-year European rates rise 6bps, on average. Meanwhile, the Treasuries' yield curve steepened due to few changes at the short-term and losses of 4bps at the long-end. Yesterday, Mbonos' curve printed a modest sell-off, with the 10-year benchmark closing at 10.19% (+4bps).
- Dollar advances against most of the G10 currencies, with SEK (+1.1%) as the strongest. In EM, the bias is mixed. The Mexican peso trades at 20.39 per dollar (-0.1%), scoring four negative days in a row
- Negative balance in most commodities. Crude-oil decline following renewed pessimism about China. Industrial metals fall more than 1.0%, while gold advances 0.9%

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	42,326.87	-2.6%
S&P 500	5,872.16	-2.9%
Nasdaq	19,392.69	-3.6%
IPC	49,968.44	-0.9%
Ibovespa	120,771.88	-3.1%
Euro Stoxx 50	4,957.28	0.3%
FTSE 100	8,199.11	0.0%
CAC 40	7,384.62	0.3%
DAX	20,242.57	0.0%
Nikkei 225	39,081.71	-0.7%
Hang Seng	19,864.55	0.8%
Shanghai Composite	3,382.21	0.6%
<b>Sovereign bonds</b>		
2-year Treasuries	4.35	11pb
10-year Treasuries	4.51	12pb
28-day Cetes	9.75	-5pb
28-day TIIE	10.42	0pb
2-year Mbono	9.57	-2pb
10-year Mbono	10.22	5pb
<b>Currencies</b>		
USD/MXN	20.37	0.9%
EUR/USD	1.04	-1.3%
GBP/USD	1.26	-1.1%
DX	108.03	1.0%
<b>Commodities</b>		
WTI	70.58	0.7%
Brent	73.39	0.3%
Mexican mix	65.34	0.4%
Gold	2,585.35	-2.3%
Copper	415.70	0.3%

Source: Bloomberg

## Corporate Debt

- HR Ratings affirmed Genomma Lab's rating at 'HR AA+' with Stable outlook, based on the shift in the debt profile in the projected period, and the company's expected results
- HR Ratings affirmed Fibra Danhos' rating at 'HR AAA' with Stable outlook. The rating is based on their higher free cash flow generation. Also based on the operations growth which increased total revenue levels, in line with the agency's expectations
- HR Ratings affirmed Inmuebles Carso's rating at 'HR AAA' with Stable outlook. The rating responds to its lower debt levels and negative debt service, which is shown in the strengthening of cash and net debt metrics

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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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